

ECONOMICS AND INDUSTRY STANDING COMMITTEE

Seventh Report — “Levelling the Playing Field: Managing the impact of the rapid increase of Short-Term Rentals in Western Australia” — Tabling

MS J.J. SHAW (Swan Hills) [10.07 am]: I present for tabling the seventh report of the Economics and Industry Standing Committee, titled “Levelling the Playing Field: Managing the impact of the rapid increase of Short-Term Rentals in Western Australia”.

[See papers 2867 and 2868.]

Ms J.J. SHAW: When the committee initiated this inquiry into short-stay accommodation, we anticipated a straightforward exercise that would take a comparatively short period of time to complete. There had been a groundswell of public agitation from the south west of the state, voicing concerns about the emergence of online accommodation platforms and, so it seemed, a high level of consensus about the nature of the problem. However, more than any other inquiry that this committee has yet tackled, this issue has proven remarkably complex and polarising. It has drawn a record number of submissions from around Western Australia and exposed an issue that is having a broad range of impacts and triggering a wide array of policy and community responses. The lengthy time this inquiry has taken to complete, and the difficulty the committee has experienced in developing a set of practical recommendations, perhaps reflects the complexity of this topic and the wide range of perspectives within and between communities. In this inquiry, we have differentiated between two main types of short-stay accommodation—that is, traditional accommodation and short-term rentals.

Traditional accommodation properties have long existed and have usually been specifically developed to provide short-stay accommodation for the recreation and business travel markets. They have been appropriately licensed and registered and include hotels, motels and licensed bed and breakfasts. Short-term rentals are properties, or rooms within properties, that have not been developed for traditional accommodation purposes. Short-term rentals have usually been built for residential purposes and are often located in areas zoned for residential use, but have subsequently been offered for short-term letting for the purposes of recreational, business or other travel. They are not always licensed or registered.

Evidence provided to the committee demonstrates that the short-stay accommodation industry is, like so many others, undergoing rapid change. Western Australia’s first short-term rental was listed in Como in August 2008. Two years later, 30 properties were listed online. Since that time, growth has been exponential. In the twelve months to December 2018 we saw a 24 per cent increase in listings, with over 20 000 properties now available in Western Australia. The vast majority of these properties are un-hosted, with guests having exclusive use of an entire house or apartment. The increasing prevalence of short-term rentals, often in competition with traditional accommodation, has prompted this inquiry.

There are a wide range of views on the topic, across the state and within and between local government areas. Although there were differences in the individual accounts provided to the committee, four main stakeholder groups raised consistent issues: traditional accommodation providers, short-term rental owners, neighbours and holiday-makers. Traditional accommodation providers raised issues surrounding competition from short-term rentals, noting that their rise coincided with a decline in traditional accommodation occupancy rates. This seemed to be a particularly prevalent complaint in the south west of the state. Traditional accommodation providers stated that short-term rentals are not subject to the same approvals and compliance costs and burdens, resulting in an uneven playing field. Traditional providers observed that they were often subject to higher local government and utility rates, and expressed concerns about consumer protections, customer experiences, insurances, safety and disability access. Some claimed that short-term rentals do not add to local economic activity or contribute to local destination marketing and tourism initiatives. They stated that competition from short-term rentals was causing them to reduce staffing numbers. Traditional accommodation providers urged a high degree of government intervention and regulation, often advocating that short-term rentals be subject to the same compliance measures as traditional forms of short-stay accommodation.

Short-term rental owners and the platforms facilitating them emphasised a range of benefits from their form of accommodation. They stated that short-term rentals provide consumers with more choice in how they holiday and encourage tourism into areas that may not have many traditional accommodation options. They claim that they generate local economic activity, regularly referring their guests to small local businesses and tourism attractions. Hosted accommodation owners in particular claimed that they provide a more authentic experience, allowing their guests to live like locals. They provided evidence that they employ local support services such as cleaners and gardeners, and themselves derive an income stream from letting their properties. This is particularly important for retirees and also a disproportionately high number of single women who own and operate this short-term rental properties. The committee also heard that entirely new business models are emerging, providing short-term rental management services. Holiday-makers supported the view that short-term rentals provide a different form of short-stay accommodation product and facilitate customer choice. Given their lower cost, short-term rentals make

access to holiday-making more affordable and accessible. They allow people to travel with their pets, self-cater and provide a home-away-from-home experience that is particularly beneficial for larger family groups or those travelling with young children.

Neighbours of short-term rentals emphasised the negative impacts that properties can have on amenity. The committee was presented with evidence of party houses, and apartments and homes being used as corporate venues. In residential areas people raised issues such as barking dogs, loud music and other antisocial behaviours, rubbish management and parking issues, and said their neighbourhoods became ghost towns during low season periods. In apartment and strata complexes people expressed additional concerns about building access and security and the misuse of common areas. Local governments expressed similar concerns about these issues and discussed the difficulty in developing and implementing policy or regulatory controls.

The community services sector raised issues surrounding disabled access to short-term rental properties and a potential crowding out effect over the longer term, as has been experienced in tourism destinations such as Venice and Barcelona. In some locations with a high proportion of short-term rentals there have been implications for the longer term rental market and local residents' access to affordable housing. Again, we heard evidence of that particularly in the south west of the state, where some community members and workers are unable to secure accommodation in towns such as Margaret River and are forced in the high season to move upwards of one hour to one hour and a half away in travelling time from their place of employment.

Local government authorities have responded to the rise of short-term rentals in a variety of ways. Most LGAs noted the challenges associated with identifying the size of their local short-term rental sector, complaints management processes and enforcing compliance with licencing or registration schemes through planning mechanisms and local laws. Evidence to the committee showed that local governments have developed a complex and often confusing patchwork of regulatory requirements, with widely varying degrees of success.

Jurisdictions around the world have grappled with how best to address the issues arising from the changes underway in the short-stay accommodation industry. It is important to recognise that the different levels of government also have different interests and objectives. At the state level, the Western Australian government is concerned to manage macro-level issues associated with planning and land use, access to affordable housing, consumer protection, economic development and particularly the development of the tourism sector. Although LGAs also have an interest in these aspects, they are primarily focused on managing local amenity impacts, the provision of community services and facilities, and very particular local planning and land-use issues. Both levels of government also have a different range of tools available to manage the sector.

The findings and recommendations in this report seek to balance the different perspectives and interests in short-stay accommodation and support the objectives of both state and local governments. The committee recognises that short-term rentals are a legitimate form of short-stay accommodation, but we consider that they should be appropriately regulated according to local conditions. The committee finds that existing state-level planning instruments and guidance materials addressing short-stay accommodation are dated and inconsistent. We have also observed that the thresholds for fines available to local government authorities may not be sufficient to deter non-compliance with any local planning controls. Prosecution processes are also problematic. We have made a series of findings and recommendations highlighting how the state government could provide better guidance, particularly through planning and strata frameworks. The evidence to this inquiry has shown that a consistent baseline set of information about the short-stay accommodation industry would considerably support state and local policy planning and regulatory functions, enabling regulators also to determine the industry's size and scope and assess the impact of short-term letting on the WA economy, regions and communities. This report's central recommendation is that the state government establish a statewide registration scheme for short-term rentals. We consider that registration should apply to both hosted and un-hosted properties to ensure complete information and manage avoidance behaviours. As further outlined in this report, registration received widespread support from traditional accommodation providers, neighbours of short-term rentals, self-appointed industry data providers, local governments, Tourism WA and other state government agencies, advocacy groups and industry organisations, short-term rental managers, short-term rental owners and online booking platforms. Recognising that heavy compliance burdens and high overheads should be avoided, we have found that any property registration system for short-term rentals needs to be simple, low cost and user-friendly. The committee did not consider it appropriate to make more detailed recommendations about the specific datasets that should be collected through the registration process, beyond observing that the state should consult with local government about the information that would be of use to both levels of government. Important issues also need to be teased out with the differing regulatory and legal mechanisms that could be available to enforce any scheme.

There was a clear preference amongst many inquiry participants for the state government to manage a central register, in part because it would provide the information and regulatory consistency that Western Australia currently lacks. In the committee's view, state management of a single, central register would also increase efficiency and simplicity for participants. It was less clear which state agency should lead the development and implementation

of a registration scheme. Indeed, the evidence suggested that a range of state entities have considerable interest in the short-stay accommodation industry, but interagency collaboration seems limited. The successful implementation of a registration scheme will depend on clear lines of accountability for the scheme's administration and identification of the levers available to enforce mechanisms for noncompliance. To date, much of the policy work on this issue has been undertaken through the planning portfolio. However, the recommendations listed in this report do not refer to a specific minister unless direct, compelling evidence was presented to the committee that clearly identified or recommended assignment to a particular portfolio. Given the number of agencies and ministerial portfolios with an interest in the regulation of short-stay accommodation, it is vital that the state government clearly identify the lead agency and portfolio with primary accountability for industry regulation.

We have recommended that the Ministers for Commerce, Local Government, Planning and Tourism establish an interdepartmental working group to coordinate whole-of-government policy responses for short-stay accommodation. We have also recommended that the interdepartmental working group develop the requirements for the statewide registration scheme, including the nature of the information to be gathered, the registration cycle, registration costs, the appropriate agency to hold the register, and data-collection and sharing mechanisms. Other jurisdictions have imposed information disclosure obligations on the online platforms themselves and have required that they display valid registration numbers for short-term rentals. The evidence to this inquiry suggested that these measures would also be of benefit in Western Australia. We have therefore recommended that the relevant minister prepare regulations requiring online platforms to provide data on short-term rental properties listed in Western Australia. It is appropriate that the platforms assist policymakers to appropriately manage the impacts of an industry that they enable.

Witnesses and submissions to this inquiry repeatedly stated that any new regime for short-stay accommodation must allow communities to manage the sector in accordance with local conditions. The committee agrees with this proposition. The committee recommends that a light-handed state-level obligation to register short-term rentals be imposed, but found that until such time as there is compelling evidence for more significant state-level intervention, any additional conditions, licenses or operational constraints or controls should be imposed only at the discretion of the relevant local government authority. Some local government authorities will wish to manage only the planning aspects of short-term rentals. For example, they may want to limit them in areas of high bushfire risk or to tourism precincts in order to maintain vibrant residential suburbs, which might otherwise become ghost towns during off-peak seasons. Other local government authorities may have little interest in land use but greater concerns about amenity impacts. For example, they may want the ability to ensure that nuisance properties and party houses are controlled. It is questionable whether the planning system is the appropriate vehicle for managing those types of issues. The key theme to emerge through the evidence was that local government authorities should be empowered to address local conditions and be answerable to their local communities for how they manage the impact of short-term rentals. The statewide register should be a powerful tool for local government authorities to understand and manage the impact of short-term rentals in their individual communities.

The findings and recommendations in this report intend to balance complex and often diametrically opposed interests. The challenge for the committee has been to suggest policy responses that are fair, sensible, practical and, most importantly, workable. We hope that the adoption of our recommendations may go some way towards levelling the playing field for all industry participants.

On behalf of the committee, I would like to sincerely thank the many stakeholders and community members who participated so enthusiastically in this inquiry. We received hundreds of submissions from right across the state. Given the overwhelming level of community interest in this issue, the committee elected to trial a new deposition style of evidence gathering, which provided people with an opportunity to participate directly in the parliamentary process by providing three to five-minute presentations to the committee. We appreciate how forthcoming people were with their views; we benefited greatly from hearing directly from our constituents about how these changing industry dynamics are affecting local communities.

I would like to thank my committee colleagues for their collaboration and support throughout the course of this inquiry—the member for Churchlands; the member for Forrestfield; the member for Jandakot, who provided us with quite considerable insight, given his expertise and experience in planning issues and local government issues in particular; and the member for Warren–Blackwood.

I would also like to thank the committee secretariat, Dr David Worth and Lachlan Gregory, for their assistance in the early stages of this inquiry, and Franchesca Walker and Suzanne Veletta for their assistance in completing this inquiry. This was the last parliamentary inquiry that Dr Worth supported prior to his retirement, and I would like to end by acknowledging his long and distinguished career in the public service.

MR S.K. L'ESTRANGE (Churchlands) [10.25 am]: I rise to speak briefly on the seventh report of the Economics and Industry Standing Committee, called “Levelling the Playing Field: Managing the Impact of the Rapid Increase of Short-Term Rentals in Western Australia”. It has been a very interesting inquiry—a bit of an

eye-opening inquiry—because it offered me and other committee members the opportunity to hear perspectives that we might not have thought of when we started on this path. In fact, another title that could have been used for this report is “Getting the balance right”, because the inquiry essentially came down to looking at two different groups in our community—on the one hand, the traditional accommodation providers, such as small motels and hotels, particularly in regional towns in Western Australia, as well as Airbnb owners, and on the other hand, the consumers of short-term accommodation and their needs and wants.

We found that the introduction of online accommodation booking platforms to support residential property owners to rent out their homes was essentially a disruptive innovation. In the past, an owner of a residential property might never have thought about putting their property on the short-term rental market because it was the home in which they lived. A person living in a suburban street in Perth might never have thought about having someone pay to stay in their home while they were away for two weeks, so that they would get a bit of an income to help pay for their overseas holiday. That option did not exist before these online platforms, such as Airbnb, appeared. I call them a disruptive innovation, because it is similar to what happened with the taxi industry and Uber. When the Uber online platform appeared, people could simply use their car and become a supplier of that style of taxi service. That completely changed the market for taxis here in Perth, as well as throughout Australia and the rest of the world. This is a similar disruption.

From talking to members of the community, we found that there were economic consequences and benefits of this change. Of course, the most stark consequence of this change was that it sent some small business owner-operators broke, particularly in regional areas. Such was the market share that those operators relied upon for the provision of their short-stay accommodation that they could not compete when online providers appeared. We heard some very sad stories about that. Like the chair, I, too, thank the many people who came to tell us their stories.

As I said earlier, this change has provided increased choice for consumers. It has also provided some economic benefits to people who supply either their residential house or a holiday home down south for a short time on these platforms. This is what made the inquiry so complex, particularly when we have a soft economy in Western Australia at the moment, in which some homes in the south west are in negative equity and owners are trying to get some additional income to pay the mortgage on those properties. Another real issue was how to make recommendations to support traditional suppliers of short-term accommodation from being disrupted by these new providers.

Another thing that became really evident was the impact on the amenity of people who live around short-term accommodation—a residential home or a holiday home down south—provided on online platforms. We heard several stories. The chair outlined some of the issues people are having with party houses, houses being used as corporate venues and barking dogs. Animals from a different home are suddenly in the backyard of a new place and they hear other animals in the area and bark quite a lot for the first few days. Then those people leave and go back to the city. We heard stories about disruption from animals, loud music and antisocial behaviour in neighbourhoods when properties are rented out. It became evident that there was definitely a need to recommend to government that some sort of regulation occur to address these issues. As the chair of the committee outlined, local government authorities have responded to the rise in the number of online short-term rentals in a variety of ways. Different local governments have different needs and issues in relation to this topic. A suburban area of Perth will be a very different market from, say, Margaret River in the south west. The committee also recognised the need for some state-level planning instruments and for some registration to occur. I think the biggest theme that came out of this inquiry was the need for some sort of registration. As the chair outlined, registration received widespread support from traditional accommodation providers, neighbours of short-term rentals, self-appointed industry data providers, local governments, Tourism WA and other state government agencies, advocacy groups, industry organisations, short-term rental managers and owners, and online booking platforms. Registration is fundamental to this issue. For local governments to better manage their communities and the impacts of the advent of Airbnb, for example, they need to be able to identify where those homes are, and registration is seen as a key element of that process. Many inquiry participants would also prefer that the state government have some sort of central oversight of registration.

The committee acknowledges that the online short-term rental market is very popular with tourists. People like choice, and that was brought home very clearly, but the committee also became fully aware of the economic impact on owners of traditional accommodation, particularly small businesses, which is where the impact is most noticeable. In a sense, the online booking platform, as I said, is a clear example of a disruptive innovation that has significantly altered how people supply or demand short-term accommodation, and that has changed market conditions considerably. The report's recommendations provide a pathway for state and local governments to better manage this changed market so that, firstly, consumers can continue to have choice and, secondly, suppliers, particularly traditional suppliers, can be better supported to compete in this changed market and new online short-term rental providers can be better managed to negate the negative impact on neighbours, amenity and streetscapes. I think that is an important aspect of this inquiry as well.

Finally, I come to my colleagues on the committee, the members for Swan Hills, Forrestfield, Warren–Blackwood and Jandakot. It is always enjoyable to get out and about and listen to community members talk about issues of

concern, and to try to look for ways to support not only the communities we visit and hear from, but also industry. I also thank the secretariat, Dr David Worth, who is in the Speaker's gallery today. It is good to see you back at Parliament, David. I thought you would be out fishing somewhere and enjoying your retirement. I thank Lachlan Gregory, Franchesca Walker and Suzanne Veletta for their help. In finishing up, as this is Dr David Worth's last report, I thank him for his guidance and support in organising all the various elements required to get people together so we could hear from them and for the committee to get out and about to listen to communities and to make these recommendations in this report.

MR S.J. PRICE (Forrestfield) [10.34 am]: I, too, rise to speak on the seventh report of the Economics and Industry Standing Committee, titled "Levelling the Playing Field: Managing the Impact of the Rapid Increase of Short-term Rentals in Western Australia". This inquiry was extremely surprising. The complexity of the inquiry was unexpected and emerged very quickly as we entered into it. The way in which relevant stakeholders received the inquiry was quite surprising as well. The committee received a record number of submissions—278 submissions and 14 supplementary submissions—from a very wide range of stakeholders, including 19 local government associations, as well as the Western Australian Local Government Association; the major online accommodation platforms Airbnb, Booking.com and the Expedia Group; and key industry associations, such as the Australian Hotels Association WA, Tourism Council WA, Caravan Industry Association Western Australia and Chamber of Commerce and Industry of Western Australia.

The committee developed other aspects of inquiry that I had not considered at the start, such as the social impact of this industry. We also received submissions from key social organisations, such as UnionsWA, People with Disabilities WA Inc, Shelter WA and the Strata Community Association WA. On top of submissions from those stakeholders, the committee received submissions from 146 individual hosts who used a template email provided by Airbnb to put in submissions, over 40 small-to-medium hotels and caravan parks, and other smaller guesthouses and bed and breakfasts. Interestingly, the committee did not receive any submissions from large national or international hotel companies operating in Perth, although they were invited to participate. The committee also provided the opportunity for submitters who both support and oppose this form of accommodation to speak on their submissions. In total, 31 hearings were held, with 62 witnesses. Eight hearings were held in Margaret River, with additional hearings held via Skype with witnesses in Broome, Albany and Denmark. The committee also held four unique public deposition sessions, as mentioned by the chair, which were very well received by the public. They gave people an excellent way to participate in the parliamentary process. Through that process, 28 witnesses provided their views directly to the committee via three to five-minute presentations.

The report is very comprehensive and contains 45 findings and 10 recommendations. As I said earlier, I had underestimated the complexity of the inquiry when it commenced. As the member for Churchlands mentioned, it quickly became evident that what is happening in this industry is very similar to what has happened in the taxi industry, in which new technologies are certainly disrupting what has been a fairly simple and standard form of accommodation. Understanding the dynamics of the short-stay accommodation sector has been crucial to making what the committee believes are reasonable findings and recommendations. The sector consists of many different iterations of the provision of accommodation, and identifying and categorising these different forms of accommodation became critical to the structure of the report that has been tabled today. The committee clearly defined the three main terms used for the short-stay accommodation sector, and it is very important to understand what those terms mean. Short-stay accommodation refers to all properties or parts of properties offered as temporary accommodation to the market and includes both traditional accommodation and short-term rental properties. Traditional accommodation is defined to mean the appropriately licensed and registered forms of short-stay accommodation that we are all used to that have long existed to support business and recreational travel, such as hotels, motels and licensed B&Bs.

Then there is the accommodation that we refer to as "short-term rentals". This refers to premises, whether part of a premise such as a room or the whole premises, available on the market as temporary accommodation but not on traditional-type accommodation properties. The majority of short-term rentals have been built for residential purposes in areas zoned for residential purpose but have subsequently been offered for short-term letting. Short-term rentals are not always licensed or registered and can further be broken down to hosted and un-hosted. Tourism WA provided an explanation of a hosted property as one in which the guest has non-exclusive use and is hosted by the homeowner, who is present throughout the period of stay. An un-hosted property is one in which the guest has exclusive use and access to the house or apartment throughout the period of stay. The number of short-term rentals has increased significantly over the years. As previously mentioned, Airbnb provided us with information that showed that the first listing on Airbnb was in 2008, and then two years later, in 2010, there were 30 listings. In 2018, 10 years after the first listing, there were over 12 000 listings in Western Australia. Therefore, the title of the report "Levelling the Playing Field" is something that we heard throughout the hearings and is something that we took into consideration when we made the recommendations.

Other areas that were continually spoken about were a need for a registration process for the short-term rentals. This was seen as something that was critical to identifying all of the properties involved and enabling us to collect the relevant data associated with those sorts of accommodations. The provision of data, or lack thereof, was another issue that was raised. The lack of data makes it very difficult for state government agencies and local government agencies to understand the size of what they are trying to deal with. The recommendations in the report addressed the need for a registration process and for online platform providers to provide data to the relevant agencies. The breadth of the inquiry was surprising with regard to trying to identify the government agency that should take responsibility for this. As was previously mentioned, there is a recommendation in the report that we set up a departmental working group, consisting of Commerce, Local Government, Planning and Tourism, to look at how we deal with this industry and come up with some ways that address everyone's need for having a light-touch approach without placing too much of a regulatory burden on industry.

Taking all the evidence into consideration, the committee has tried to address the issues. Some of the evidence was very personal, and I thank everyone who shared their experience with us. The findings and recommendations in the report have been developed in a manner that the committee feels addresses the concerns raised and are in keeping with the expressed desire to level the playing field with a light touch but also allow for the unique circumstances that are occurring in different locations around Western Australia.

I will finish by thanking the secretariat for all of its assistance, especially Dr David Worth, who is here in the gallery. This was his last report, as we have heard. I thank also Lachlan Gregory, who is here in the chamber as well, for his assistance in the early stages, which was completed by Franchesca Walker and Suzanne Veletta. I also thank my fellow committee members: the chair, the member for Swan Hills; the deputy chair, the member for Churchlands; and the members for Jandakot and Warren–Blackwood. I also acknowledge the member for Warren–Blackwood for bringing this issue to the fore and discussing it with the committee as a potential inquiry. I think we have all benefited significantly from it, and I think the industry will agree once it sees this report and the government acts on the recommendations that we have put forward. As I mentioned at the start of my contribution, the complexity of the inquiry was unexpected. I thank all my committee colleagues, the secretariat and everyone who contributed to this very important inquiry, and I commend the report to the house.

MR Y. MUBARAKAI (Jandakot) [10.44 am]: I rise today as a member of the Economics and Industry Standing Committee to speak on the seventh report “Levelling the Playing Field: Managing the impact of the rapid increase of Short-Term Rentals in Western Australia”. I would like to thank the chair, the member for Swan Hills, for her good wishes. I have truly enjoyed the experience of being on this inquiry and the enthusiasm shown that I would not have expected in my wildest dreams. Members in this house know that I come to this place with some experience in small business. I have served on the local council with the City of Cockburn and now I serve as a member in this place, representing the electorate of Jandakot. That level of experience really got my contributions and level of thinking going into this inquiry, which has been an absolute eye-opener for many of us on the committee. The motive with which we initiated the inquiry into short-stay accommodation was based on concerns raised mainly by the member for Warren–Blackwood. I commend him for initiating this and bringing to the committee's attention the concerns around the online accommodation platforms and the impact of this emerging market in the short-term rental industry in the south west in particular. Based on the level of interest, we agreed to undertake this inquiry.

This report brings everyone's attention to the impact the market is having, which is changing so very quickly in Western Australia. I am glad we get to present this report to this place. The report basically differentiates between two main types of short-stay accommodation providers. We have always had the traditional accommodation providers and now we have the new short-term rentals. As we commenced this inquiry a year ago, it was pretty much the tip of the iceberg compared with what we intended to get ourselves into. We spoke to and heard from the various stakeholders in both the traditional short-stay accommodation industry, with the likes of hotels, motels, caravan parks and B&B operators, and the new short-stay rental providers in the hosted and un-hosted accommodation sector, with the likes of mum-and-dad property investors around Western Australia. The task at hand was a worthy challenge in addressing the title of this inquiry, which is “Levelling the Playing Field”—a worthy title, I must say.

This committee heard firsthand from the statutory bodies in local and state government, and strata agencies that are responsible for the compliance and effectiveness of the regulatory frameworks and many of the planning approvals, the implications of which now seem to be outdated and burdensome and resulting in an unfair level playing field in the Western Australian short-stay accommodation industry. The online booking platforms over the last 10 years or so has had a very strong, astronomical effect on the industry and has cast a very long shadow and created a black economy. This has raised many valid recommendations that I shall mention shortly. As such, I believe that an innovative pathway to creating a positive, modern economy is the best way forward. Without attempting to create change, we will become outdated and create a more burdensome economy. Many in this place are aware that new online platforms such as Airbnb, Booking.com and other online businesses are the new way for homeowners to

explore and market opportunities to derive substitute income by letting or renting a complete house, a spare room or apartments for additional revenue.

As I said before, the committee has spoken and engaged with various stakeholders in the traditional accommodation sector. Some of the issues they have expressed to us include being subjected to commercial council rates and higher utility rates; concerns about obligations to consumer protection and customer experience; insurance requirements; safety and disability access requirements; the level of red tape; and the lengthy time frames from the conception to the completion of the traditional accommodation providers and the daily running of the business. There are myriad permits, approvals and red tape requirements. The building and planning approvals are another story altogether. It takes several years for someone to comply with those building and planning codes before they can get to the stage of running a business. It is highly complex and tremendously burdensome for the traditional accommodation providers. That is how the market has traditionally been. But now we enter a phase where there is a new level rising from tradition coming from the short-term accommodation providers.

I am running out of time here; I had better hurry through this.

On the flipside, we have short-term rental owners coming through the online platforms who reckon they are generating a high level of vibrant economy, providing consumers with new choice from various destinations across the world to encourage tourism in remote areas. They employ and support local businesses. Being a local host, they normally recommend their guests to use local businesses—more of a local concept. I fully support and encourage their level of engagement and lifestyle. However, there is a lot more that needs to be done in this space. Based on the evidence provided to the committee, the trajectory of growth of the online short-term rental industry will continue to overpower the traditional short-term accommodation providers. Therefore, it is an absolute necessity for state or local government intervention to try to create a level playing field for this industry so that we can promote and encourage the economy to grow within the sector of tourism.

Short-term accommodation providers usually use their residential premises, which were originally built for residential use under the planning schemes. They are competing with the traditional accommodation providers who have gone through the complexities to raise this.

Fast tracking down through the report, I would like to say that being part of the committee on this inquiry has been a wonderful experience. I have thoroughly enjoyed it. Hearing others speak today, I share similar thoughts. To conclude my remarks, I would like to thank all the people who have made submissions, come before the committee, and given us an opportunity to seek their advice, opinions and views on this inquiry.

I thank my committee members: the chair, the member for Swan Hills; the deputy chair, the member for Warren–Blackwood; the member for Churchlands; and Pricey, the member for Forrestfield. I thank all the individuals who have been instrumental to the inquiry, starting with the principal research officer, Dr David Worth, who was in Parliament today. I would like to personally thank him for the two and a half years I have been on this committee and I wish him all the very best.

MR D.T. REDMAN (Warren–Blackwood) [10.54 am]: I similarly want to make some comments about the report. This committee has been particularly busy. This is the committee's seventh report, titled "Levelling the Playing Field: Managing the impact of the rapid increase of Short-Term Rentals in Western Australia". The trigger for this report and inquiry was a motion I moved in Parliament in September 2018, as highlighted at page 12 of the report. When I moved that motion, I recall that the chair of the committee came to us and said, "Are you dinkum about this?" I said, "Absolutely." I thank her for showing that interest, and for the support from my colleagues on the committee in taking up the report. I am pretty certain the assessment at the time was that this was going to be a pretty basic inquiry that we could wedge in with a few others, but it turned out to be a little more complex than we thought, as has been mentioned by other members.

For me, this report was largely triggered by a lot of issues in my electorate, Margaret River in particular, but Denmark to a secondary level—the impact that online platforms are having on the traditional accommodation market and the significant concern about there not being a level playing field in the marketplace. It was not concern about the issue of competition, but rather that if we are going to compete, make sure we are competing on a level playing field. Of course, a number of those accommodation providers have been mentioned, and it has been recorded in the report that they have had impacts of 20 to 30 per cent drops in their levels of occupancy, which is substantial, pretty much aligning with the growth of online platforms as they have come into the marketplace. In fact, the very first of the report's findings states —

As at early 2019, there were at least 20,000 Short-Term Rental listings in Western Australia, a large majority of them unhosted accommodation. Data indicates that while Airbnb listings in Western Australia are still growing, the rate of growth is slowing.

It is a substantial impact. There was a substantial number of submissions, which was good, because we could have confidence that we were getting a breadth of views across the community, and some consistent views came from that.

As the chair highlighted in her remarks on the report, it was important to get the definitions right. Some of this is about getting definitions right within the planning process and at local government level, so we know that if we are talking about something, we are all talking apples for apples. There was a break-up in our assessment from the traditional accommodation providers compared with short-term rentals, which seemed to be the tension that exists in how they see their level of compliance with the regulatory requirements. Finding 6 on page 35 makes the comment —

Traditional Accommodation providers generally have greater overhead costs than individuals offering Short-Term Rentals as a direct result of existing State and local government regulations and policy settings.

Again, that finding is consistent with the view that was coming back from my electorate. Of course, as the member for Churchlands highlighted, there is a level of disruption going on here. In those cases, it is important to understand whether the government needs to respond to that. I think we are a good first cast over that, and I think it is a good report to signal to government the sort of steps that could be taken. I want to highlight that the consistent message is the uneven playing field. Again, whilst people will take issue with the competitive marketplace, the uneven playing field is the significant issue.

There were issues around unregistered providers who are not paying registration; not paying commercial rates for water and electricity, because different rates apply there; the issue of public liability came up, which is as much a protection for the consumers who use those facilities as it is for the host; the issue of party homes, which has been mentioned by my colleagues already; and the crowding out of the marketplace, evident in Margaret River in particular. I think I recall having a conversation that the new CEO, who is going there could not even find a rental market in town. I suspect that one of the pressure points was the short-term rental market from online platforms being one of the things contributing to that. Of course, there were also some positive responses saying that there is a market out there that wants to use this type of accommodation and these platforms because they provide a cost-effective opportunity for families to holiday, and also for business use. The committee found that there are a variety of approaches across all local government areas. In some areas, short-stay accommodation platforms are promoted because they are pretty much the only source of accommodation. Some of my colleagues in electorates along the west coast feel that there is not enough traditional accommodation in the market in their jurisdictions and therefore these platforms offer an alternative. In other areas, where a significant amount of traditional accommodation is available, they are a concern. Of course, at the state level, there is inconsistency and unclear views about what necessary controls and planning rules can be applied in this market.

One challenge is compliance. It is one thing for an accommodation provider to register and meet all the needs of a local government, but it is another thing to ensure compliance. I think that that is one of the biggest issues that came out of the inquiry, and in a minute, I will refer to a recommendation about that. The burden of proof is a challenge. On page 83 of the report, finding 25 states —

Local governments must gather significant evidence to secure a successful prosecution against non-compliant Short-Term Rentals. Currently, evidence that an unapproved premises is being advertised as a Short-Term Rental is insufficient because it shows intent to rent, rather than establish the actual fact of a rental. Local governments must also gather witness statements from neighbours and guests to prove that the premises has, in fact, been let as a Short-Term Rental.

The burden of proof is indeed a challenge. Although many local governments have registration and compliance processes in place, their capacity to ensure compliance remains a challenge. That brings me to the committee's recommendations. It has already been highlighted that the notion of a statewide registration system is appropriate—a light touch, as the member for Churchlands mentioned. There should be minimal coordination, but it should be coordinated at the state level for all properties—not only unhosted but hosted accommodation providers. That will ensure that there is feedback to government and local government on policy settings. It is recommended that the state government manage that.

The inquiry also found that there are differences between local government areas across Western Australia. The report recommends that local government policy decisions must allow for those differences to emerge in the local government setting.

Compliance is a challenge. It was unclear from all the feedback what the best legal mechanism to ensure compliance would be. What is clear is that the fines that are in place now are not sufficient to deter people from being noncompliant, and steps must be taken in this area. The member for Forrestfield mentioned the interdepartmental working group. On page 108, recommendation 7.2 states —

Determine the legal mechanisms through which the State Government can introduce and enforce a registration scheme, including consequences for non-compliance.

I think that is the key issue. No-one has a problem with technologies that come in and, as the member for Churchlands said, disrupt the marketplace; the issue is that if there is a process in place, everyone should be compliant with it.

That is only fair. Finding a legal mechanism that would do that is a challenge, and the report is not clear about what that should be. Work needs to be done to ensure that we can manage these international platforms that provide accommodation in our local jurisdiction. Certainly, the evidence is that when this has been done overseas, it has increased compliance, and those pathways have been a positive step. I think that compliance is the most substantial issue in this matter. As I said, the consistent message to the committee was the need for a level playing field, and it is the state government's responsibility to provide mechanisms to achieve that.

I thank all members of the committee. In particular, I thank the chair, the member for Swan Hills, for her enthusiasm in taking up what turned out to be a pretty complex inquiry. I thank the deputy chair, the member for Churchlands, and also the members for Jandakot and Forrestfield. Had it not been for them, the inquiry would not have got up. I am indebted to them. I also thank the committee staff. I start with David Worth, who is here today. Thank you, David, and all the best with your retirement. I also thank Mr Lachlan Gregory, who was with the committee for a while but is in here now; Franchesca Walker; and Suzanne Valetta, who picked up the cudgels as others moved on. I would also like to pay tribute to those people who presented evidence to the committee and had the courage to put on the table the issues that they are having in their businesses. It is not easy to do that. A few tears were shed, and I understand why.